

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 AGR-20 CIAE-00 COME-00

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FM AMEMBASSY PARIS

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INFO AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY BERN

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USMISSION EC BRUSSELS

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DEPT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR/FR, EPAP

SUBJECT: SUGAR SITUATION IN FRANCE

1. SUMMARY: FRENCH SUGAR BEET PRODUCERS BY SPOTLIGHTING
TIGHT SUPPLY ARE PRESSURING GOF TO INCREASE PRODUCER
PRICES. GOF RESPONDED WITH REASSURANCE OF ADEQUATE
SUPPLIES. END SUMMARY.

2. ACCORDING TO A RECENT STATEMENT BY PRESIDENT OF
FRENCH SUGARBEET PRODUCERS ASSOCIATION, FRENCH SUGAR
CARRYOVER WILL BE NIL AT THE END OF THE 1973-74 SEASON
(OCTOBER-SEPTEMBER) AND HE ASKED HOUSEWIVES TO LIMIT
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THEIR STOCKS TO TWO MONTHS CONSUMPTION IN ORDER TO

AVOID A SUGAR SHORTAGE. THE PRODUCERS HAVE INCREASED THEIR COMPLAINTS ABOUT THE "UNREALISTIC" SUGAR POLICY OF THE EC, STATING THAT THE FRENCH PRICE OF SUGAR IS THE LOWEST IN THE WORLD AND PRICE PAID TO PRODUCERS FOR SUGARBEETS INCREASED ONLY 5.5 PERCENT IN 1973-74, WHILE DURING THE SAME TIME, PRODUCTION COSTS INCREASED 30 PERCENT. IF PRICES ARE NOT INCREASED, THE SUGARBEET ACREAGE WILL NOT INCREASE IN FRANCE, WHICH IS UNREALISTIC IN THE CURRENT WORLD SUGAR SHORTAGE.

3. BY A PRESS RELEASE THE MINAG STATED THAT THE PESSIMISM OF THE SUGAR BEET PRODUCERS IS UNJUSTIFIED, AS FRANCE IS A NET EXPORTER OF SUGAR, PRODUCING 3.3 MILLION TONS AND CONSUMING ONLY 2.25 MILLION TONS A YEAR. ALSO THE EC NEED NOT WORRY ABOUT THE SUPPLY RUNNING SHORT BEFORE THE NEXT CROP. THE LATEST ESTIMATES OF THE SUGAR INTERVENTION AGENCY ARE: (PREVIOUS YEAR IN BRACKETS)

STOCKS JULY 31, 1974: 531,000 TONS (643,200)

FRENCH CONSUMPTION OCT. 1 TO JULY 31: 1,738,000 TONS (1,626,900)

EXPECTED CARRYOVER (SEPTEMBER 30, 1974): 170,000 (132,160)

SUGAR STOCKS ARE EXPECTED TO BE HIGHER AT THE END OF THIS SEASON BECAUSE OF REDUCED CONSUMPTION IN JULY, AUGUST AND SEPTEMBER AND REDUCED EXPORTS.

4. COMMENTS: THE STATEMENT OF THE SUGARBEET PRODUCERS ASSOCIATION MAY HAVE BEEN POLITICAL, DESTINED TO CREATE A CLIMATE OF INSECURITY AMONG CONSUMERS SO THEY WOULD INCREASE THEIR PURCHASES AND CREATE A SHORTAGE. THIS SHORTAGE WOULD JUSTIFY THE PRODUCERS DEMAND FOR INCREASED PRICES AND ACREAGE. THE SUGARBEET PRODUCERS WOULD LIKE A 330,000 TON INCREASE IN SUGAR PRODUCTION BY 1975-76. ACCORDINGLY TO CURRENT ESTIMATES, THE CARRYOVER SHOULD BE SUFFICIENT WITHOUT TAKING MEASURES TO CONTROL SUGAR SALES IN FRANCE, EXCEPT IF PANIC BUYING BEGINS. DUE TO HEAVY PURCHASES IN FRANCE BY SWISS CITIZENS (SWISS PRICE OF SUGAR IS TWICE THE FRENCH), THE GOF RECENTLY APPLIED A TAX OF 2.51 F.F. UNCLASSIFIED

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PER KILO FOR PURCHASES EXCEEDING FOUR KILOS. DUE TO PRICE ADVANTAGE, GERMAN AND ENGLISH TOURISTS ARE ALSO BUYING SUGAR IN FRANCE, BUT NO MEASURES HAVE BEEN TAKEN TO LIMIT THESE PURCHASES. GOF WILL BE FOLLOWING WEEKLY RETAIL SALES TO ANALYZE EFFECTS OF PRODUCER STATEMENT ON FRENCH SITUATION. STONE

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